



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Sara L. Hensley

**SUBJECT:** SEE BELOW

**DATE:** 06-01-04

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Approved

Date

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**SUBJECT: HEALTHY NEIGHBORHOODS VENTURE FUND ADVISORY  
COMMITTEE RECOMMENDATION FOR USE OF 2004-2005 FUNDS**

## **PURPOSE**

The purpose of this memorandum is to forward the Healthy Neighborhoods Venture Fund (HNVF) Advisory Committee recommendation for use of FY 2004-2005 HNVF Funds.

## **BACKGROUND**

The City of San José started its HNVF allocation process for the FY 2004-2005 (Cycle 5) in December 2003. A total of 120 applications were received and reviewed in a series of public hearings that were held in March, April, and May 2004.

On May 12, 2004, City Administration released its recommendations for the use of 2004-2005 HNVF funds allocating \$9.74 million in projects/administration and \$500,000 in an operating reserve. On May 17, 2004, the HNVF Advisory Committee revised the Administration's recommendation and approved allocating \$9.88 million in projects/administration and \$500,000 in an operating reserve. The Committee's changes to the City Administration's recommendations are noted below.

## **ANALYSIS**

The HNVF Advisory Committee's recommendation for use of HNVF funds in FY 2004-2005 is attached.

### **Funds Available for Allocation**

The City anticipates receiving \$9.9 million in tobacco settlement funds in FY 2004-2005. In addition, an unrestricted balance of \$581,424 from the current year is estimated to be available for allocation in FY 2004-2005.

**Funds Available for Allocation in 2004-2005**

2004-2005 Tobacco Settlement Funds	\$9,984,293
Carry Over from 2003-2004 (Unrestricted)	\$581,424
<b>TOTAL Funds Available</b>	<b>\$10,565,717</b>

2004-2005 Funding Process

The FY 2004-2005 HNVF application cycle began with the Committee approval of the process and the evaluation criteria in December 2003. Applications were made available to the public on January 9, 2004. The City received 120 project proposals requesting over \$23 million. The following table shows the distribution of requests by funding category.

Funding Allocation Strategy

Administration's funding strategies were utilized in formulating recommendations. The strategies outlined below incorporate City priorities specified in the Mayor's March 17, 2004 budget message that align with HNVF goals.

- Continued funding of currently funded projects that are responsive to the HNVF goals and priorities and have satisfactory performance:
  - Maintenance of current funding level of priority 1 projects.
  - 15% reduction of current funding level for priority 2 or 3 projects.
  - 25% reduction of current funding level for priority 2 or 3 projects if project has been funded for 3 or more cycles.
- Funding of new projects only if innovative:
  - Applicant has not received HNVF funding.
  - Applicant proposes a unique service delivery model, new to San José or not widely available.
  - Incubate smaller or inexperienced agency.
- Referral of projects that have better alignment with other funding sources (e.g. B.E.S.T. and San José After School).
- No funding for construction projects.

**Table 1: Requests and Recommendations by Funding Category in 2004-2005**

<b>Category</b>	<b>App. Received</b>	<b>Requests 2004-05</b>	<b>Applications Recommended</b>	<b>Recommended 2004-05</b>
Education / Health	67	\$16,011,467	31	\$1,975,811
Senior Services / Health	32	\$5,458,070	17	\$1,907,006
Tobacco Free Community / Health	21	\$2,526,754	13	\$962,922
Innovation Category			2	\$342,747
<b>Total</b>	<b>120</b>	<b>\$23,996,291</b>	<b>63</b>	<b>\$5,188,486</b>

Funding Recommendations

Recommendations were made after thoughtful input from all Committee members, as well as considering information obtained from the City's budget study sessions. The recommendations include funding for the following City Council priorities totaling \$5,195,000 prior to determining funds available for allocation to new projects:

- Homework Centers Program \$2,465,000
- Children's Health Initiative \$1,700,000
- HNVF Program Administration \$500,000
- Fund Balance \$500,000
- Interest on Inter-Fund Loan \$30,000

As noted above, \$30,000 is allocated to pay interest on an inter-fund loan that may be needed to address cash flow needs. Currently, projects are reimbursed on a quarterly basis for actual expenses incurred in the delivery of program services. Because the City receives Tobacco Settlement funds in April, there will likely be a need for an inter-fund loan to pay service providers for services rendered prior to the City's receipt of HNVF funds.

The Committee allocated a total of \$5,188,486 to 63 projects. Table 1 above shows the distribution of funds by categories. A complete listing of projects recommended for funding is attached.

#### Committee Recommendations for Increase of Funding

The Committee recommended increases to the funding levels recommended by Administration for five (5) projects. These changes are listed below:

**Table 2: Projects Recommended for Increased Funding**

<b>App. No.</b>	<b>Project Title / Organization</b>	<b>Admin. Rec.</b>	<b>Increase</b>	<b>Comm. Rec.</b>
<b>EDUCATION / HEALTH CATEGORY</b>				
585	Inspiring Young Minds and Families / Third Street Community Center	\$15,000	\$32,000	\$47,000
<b>SENIORS / HEALTH CATEGORY</b>				
557	Older Caregiver Respite and Support Services / The Catholic Charities of Santa Clara County	\$133,025	\$6,453	\$139,478
563	Legal Assistance to San José Elders (LAE) Expansion Project /Senior Adults Legal Assistance	\$43,721	\$5,247	\$48,968
<b>TOBACCO-FREE / HEALTH CATEGORY</b>				
503	Youth Tobacco Education and Compliance Program (YTEC) / San José Police Department	\$54,691	\$87,286	\$141,977
504	Local Enforcement of Tobacco Control Regulations /Department of Planning, Building and Code Enforcement	\$81,433	\$13,339	\$94,772

### Funding Conditions

Funding recommendation for all projects is conditioned on:

- Submitting outstanding items required in the FY 2003-2004 agreement between a currently funded project and the City.
- Compliance with any funding condition identified in the 2004-2005 award of funds.
- Incorporation of an appropriate anti-tobacco element into any HNVF funded program. A description of the required anti-tobacco activities will be included in each contract.
- Incorporation of the American Lung Association's strategies for a tobacco-free San José into funded projects within the Tobacco Free/Health category.

In addition, the City Auditor's Office may conduct an audit of any project identified for HNVF program funding.

### Project Specific Funding Conditions

The Committee recommended that funding to the Filipino American Opportunities Development Council, Inc for the Northside Intergeneration Community Project, be conditional pending further review of the agency.

The Committee also recommended the addition of a funding condition related to The Mexican American Community Services Agency, Inc. for the Street Reach Project. If the San José B.E.S.T. program is unable to provide funding, then the HNVF would fund the project.

### Referral to the B.E.S.T. and San José After School Program

Twelve (12) projects that align with the Bringing Everyone's Strengths Together (B.E.S.T.) Program applied for HNVF funding. Four (4) of the applications are currently funded by HNVF. These projects are being referred to the B.E.S.T. funding process. Applications submitted to the HNVF program will be forwarded to the B.E.S.T. review panel. (These projects are listed on pages 12 & 13 of the attachment.) Applicants will be given the opportunity to provide additional information or complete a separate application for the B.E.S.T. funding process.

Four (4) projects recommended for HNVF funding in the Education/Health category included components that align with the Homework Centers/San José After School Program. These program components were referred to the SJAS funding process. These projects are listed below:

- App. # 514 - San José After School/YMCA of Santa Clara Valley
- App. #561 - Turn The Tide Children's Education Program/Sacred Heart Community Service
- App. # 585 - Inspiring Young Minds and Families/Third Street Community Center
- App. # 586 - City Year After School Enrichment Programs/City Year San José/Silicon Valley

### **PUBLIC OUTREACH**

HONORABLE MAYOR AND CITY COUNCIL

06-01-04

**Subject: Manager's Budget Addendum #47**

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The HNVF Request for Proposal process was publicly advertised. Recommendations were developed in a series of publicly noticed meetings.

### **COORDINATION**

This memorandum was coordinate with the Office of the City Attorney and the City Manager's Budget Office.

SARA L. HENSLEY  
Director of Parks, Recreation and  
Neighborhood Services

Attachments

## ***Healthy Neighborhoods Venture Fund 2004-05***

<b>Tobacco-Settlement Allocation</b>	<b>\$9,984,293.00</b>
<b>Carryover from 2003-2004</b>	<b>\$581,424.00</b>
<b>(unrestricted)</b>	

Administration	\$500,000.00
Fund balance	\$500,000.00
Interest on inter-fund loan	\$30,000.00
Children's Health Initiative (<15%)	\$1,700,000.00
Homework Centers Program (<15%)	\$2,465,000.00
<i>Total</i>	<b>\$5,195,000.00</b>

Tobacco	\$962,922.00
Seniors	\$1,907,006.00
Education	\$1,975,811.00
Innovation	\$342,747.00

*Recommend for projects* **\$5,188,486.00**

TOTAL \$10,383,486.00

***Funds to allocate from the unrestricted  
beginning fund balance*** **\$399,193.00**